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7 Attorneys for Defendant  
CITIMORTGAGE, INC.

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,  
12  
13 Plaintiff,

14 v.

15 NAGESH SHETTY, as an individual  
16 and as trustee of the Shetty Family  
Trust; ANITA SHETTY, as an  
17 individual and as trustee of the Shetty  
Family Trust; RICHARD D'SOUZA,  
18 a.k.a. RICHARD D'SOUSA or  
RICHARD DE SOUZA; MARIE  
19 SHETTY, as successor to the estate of  
SUBBAYYA SHETTY; MAHABALA  
20 SHETTY; OCWEN FINANCIAL  
CORPORATION; DAVID M. DUDLEY;  
21 MESA VERDE DRIVE PLAZA, a  
California General partnership; STATE  
22 OF CALIFORNIA, through its agency  
THE FRANCHISE TAX BOARD;  
23 ORANGE TREASURER-TAX  
COLLECTOR; UNITED  
24 MERCHANTS ASSOCIATION, a  
California Corporation; MIDFIRST  
25 BANK; NCO PORTFOLIO  
MANAGEMENT; CITIMORTGAGE,  
26 INC.; and CAPITAL ONE,

27 Defendants.  
28

Case No. SACV12-930 DOC (MLGx)

**DEFENDANT CITIMORTGAGE,  
INC.'S ANSWER TO COMPLAINT**

Action Filed: June 11, 2012



COMES NOW Defendant CITIMORTGAGE, INC. ("CMI") severing itself from all others, hereby appears, responds and objects to the allegations of the Complaint of Plaintiff UNITED STATES OF AMERICA ("USA") as follows:

**A. GENERAL ALLEGATIONS**

**Jurisdiction and Venue**

1. In response to Paragraph 1 of the Complaint, CMI lacks sufficient information or belief sufficient to enable it to answer the allegations thereof and on that basis, CMI denies such allegations.

2. In response to Paragraph 2 of the Complaint, CMI lacks sufficient information or belief sufficient to enable it to answer the allegations thereof and on that basis, CMI denies such allegations.

3. In response to Paragraph 3 of the Complaint, CMI lacks sufficient information or belief sufficient to enable it to answer the allegations thereof and on that basis, CMI denies such allegations.

**The Subject Real Properties**

4. In response to Paragraph 4 of the Complaint, CMI lacks sufficient information or belief sufficient to enable it to answer the allegations thereof and on that basis, CMI denies such allegations.

5. In response to Paragraph 5 of the Complaint, CMI lacks sufficient information or belief sufficient to enable it to answer the allegations thereof and on that basis, CMI denies such allegations.

6. In response to Paragraph 6 of the Complaint, CMI lacks sufficient information or belief sufficient to enable it to answer the allegations thereof and on that basis, CMI denies such allegations.

**The Parties**

7. In response to Paragraph 7 of the Complaint, CMI lacks sufficient information or belief sufficient to enable it to answer the allegations thereof and on that basis, CMI denies such allegations.



1           8. In response to Paragraph 8 of the Complaint, CMI states that the  
2 referenced documents identified in paragraph 119 of the Complaint are written  
3 documents that speak for themselves. No response to Plaintiff's descriptions,  
4 characterizations, or interpretations is required. To the extent a response is required,  
5 CMI lacks sufficient information and belief to admit or deny the allegations in  
6 Paragraph 8 of the Complaint, and based thereon denies each and every remaining  
7 allegation.

8           9. In response to Paragraph 9 of the Complaint, CMI states that Paragraph  
9 9 contains conclusions of law to which no answer is required. Except as to the legal  
10 conclusions, CMI admits that Plaintiff has attached the referenced exhibit to the  
11 Complaint. CMI lacks sufficient information and belief to admit or deny the  
12 remaining allegations in Paragraph 9 of the Complaint and based thereon denies each  
13 and every remaining allegation.

14           10. In response to Paragraph 10 of the Complaint, CMI lacks sufficient  
15 information or belief sufficient to enable it to answer the allegations thereof and on  
16 that basis, CMI denies such allegations.

17           11. In response to Paragraph 11 of the Complaint, CMI lacks sufficient  
18 information or belief sufficient to enable it to answer the allegations thereof and on  
19 that basis, CMI denies such allegations.

20           12. In response to Paragraph 12 of the Complaint, CMI lacks sufficient  
21 information or belief sufficient to enable it to answer the allegations thereof and on  
22 that basis, CMI denies such allegations.

23           13. In response to Paragraph 13 of the Complaint, CMI states that  
24 Paragraph 13 contains conclusions of law to which no answer is required. Except as  
25 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
26 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
27 remaining allegations in Paragraph 13 of the Complaint and based thereon denies  
28 each and every remaining allegation.



1           14. In response to Paragraph 14 of the Complaint, CMI states that  
2 Paragraph 14 contains conclusions of law to which no answer is required. Except as  
3 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
4 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
5 remaining allegations in Paragraph 14 of the Complaint and based thereon denies  
6 each and every remaining allegation.

7           15. In response to Paragraph 15 of the Complaint, CMI states that  
8 Paragraph 15 contains conclusions of law to which no answer is required. Except as  
9 to the legal conclusions, CMI admits that Plaintiff has attached the referenced  
10 exhibits to the Complaint. CMI lacks sufficient information and belief to admit or  
11 deny the remaining allegations in Paragraph 15 of the Complaint and based thereon  
12 denies each and every remaining allegation.

13           16. In response to Paragraph 16 of the Complaint, CMI lacks sufficient  
14 information or belief sufficient to enable it to answer the allegations thereof and on  
15 that basis, CMI denies such allegations.

16           17. In response to Paragraph 17 of the Complaint, CMI lacks sufficient  
17 information or belief sufficient to enable it to answer the allegations thereof and on  
18 that basis, CMI denies such allegations.

19           18. In response to Paragraph 18 of the Complaint, CMI lacks sufficient  
20 information or belief sufficient to enable it to answer the allegations thereof and on  
21 that basis, CMI denies such allegations.

22           19. In response to Paragraph 19 of the Complaint, CMI lacks sufficient  
23 information or belief sufficient to enable it to answer the allegations thereof and on  
24 that basis, CMI denies such allegations.

25           20. In response to Paragraph 20 of the Complaint, CMI lacks sufficient  
26 information or belief sufficient to enable it to answer the allegations thereof and on  
27 that basis, CMI denies such allegations.

28           21. In response to Paragraph 21 of the Complaint, CMI states that



1 Paragraph 21 contains conclusions of law to which no answer is required. Except as  
2 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
3 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
4 remaining allegations in Paragraph 21 of the Complaint and based thereon denies  
5 each and every remaining allegation.

6 22. In response to Paragraph 22 of the Complaint, CMI states that  
7 Paragraph 22 contains conclusions of law to which no answer is required. Except as  
8 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
9 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
10 remaining allegations in Paragraph 22 of the Complaint and based thereon denies  
11 each and every remaining allegation.

12 23. In response to Paragraph 23 of the Complaint, CMI states that  
13 Paragraph 23 contains conclusions of law to which no answer is required. Except as  
14 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
15 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
16 remaining allegations in Paragraph 23 of the Complaint and based thereon denies  
17 each and every remaining allegation.

18 24. In response to Paragraph 24 of the Complaint, CMI states that  
19 Paragraph 24 contains conclusions of law to which no answer is required. Except as  
20 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
21 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
22 remaining allegations in Paragraph 24 of the Complaint and based thereon denies  
23 each and every remaining allegation.

24 25. In response to Paragraph 25 of the Complaint, CMI states that  
25 Paragraph 25 contains conclusions of law to which no answer is required. Except as  
26 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
27 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
28 remaining allegations in Paragraph 25 of the Complaint and based thereon denies



1 each and every remaining allegation.

2 26. In response to Paragraph 26 of the Complaint, CMI states that  
3 Paragraph 26 contains conclusions of law to which no answer is required. Except as  
4 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
5 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
6 remaining allegations in Paragraph 26 of the Complaint and based thereon denies  
7 each and every remaining allegation.

8 27. In response to Paragraph 27 of the Complaint, CMI states that  
9 Paragraph 27 contains conclusions of law to which no answer is required. Except as  
10 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
11 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
12 remaining allegations in Paragraph 27 of the Complaint and based thereon denies  
13 each and every remaining allegation.

14 28. In response to Paragraph 28 of the Complaint, CMI lacks sufficient  
15 information or belief sufficient to enable it to answer the allegations thereof and on  
16 that basis, CMI denies such allegations.

17 29. In response to Paragraph 29 of the Complaint, CMI states that  
18 Paragraph 29 contains conclusions of law to which no answer is required. Except as  
19 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
20 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
21 remaining allegations in Paragraph 29 of the Complaint and based thereon denies  
22 each and every remaining allegation.

23 30. In response to Paragraph 30 of the Complaint, CMI lacks sufficient  
24 information or belief sufficient to enable it to answer the allegations thereof and on  
25 that basis, CMI denies such allegations.

26 31. In response to Paragraph 31 of the Complaint, CMI lacks sufficient  
27 information or belief sufficient to enable it to answer the allegations thereof and on  
28 that basis, CMI denies such allegations.





1           32. In response to Paragraph 32 of the Complaint, CMI lacks sufficient  
2 information or belief sufficient to enable it to answer the allegations thereof and on  
3 that basis, CMI denies such allegations.

4           33. In response to Paragraph 33 of the Complaint, CMI lacks sufficient  
5 information or belief sufficient to enable it to answer the allegations thereof and on  
6 that basis, CMI denies such allegations.

7           34. In response to Paragraph 34 of the Complaint, CMI lacks sufficient  
8 information or belief sufficient to enable it to answer the allegations thereof and on  
9 that basis, CMI denies such allegations.

10          35. In response to Paragraph 35 of the Complaint, CMI states that  
11 Paragraph 35 contains conclusions of law to which no answer is required. Except as  
12 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
13 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
14 remaining allegations in Paragraph 35 of the Complaint and based thereon denies  
15 each and every remaining allegation.

16          36. In response to Paragraph 36 of the Complaint, CMI lacks sufficient  
17 information or belief sufficient to enable it to answer the allegations thereof and on  
18 that basis, CMI denies such allegations.

19          37. In response to Paragraph 37 of the Complaint, CMI lacks sufficient  
20 information or belief sufficient to enable it to answer the allegations thereof and on  
21 that basis, CMI denies such allegations.

22          38. In response to Paragraph 38 of the Complaint, CMI states that  
23 Paragraph 38 contains conclusions of law to which no answer is required. Except as  
24 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
25 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
26 remaining allegations in Paragraph 38 of the Complaint and based thereon denies  
27 each and every remaining allegation.

28          39. In response to Paragraph 39 of the Complaint, CMI states that



1 Paragraph 39 contains conclusions of law to which no answer is required. Except as  
2 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
3 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
4 remaining allegations in Paragraph 39 of the Complaint and based thereon denies  
5 each and every remaining allegation.

6 40. In response to Paragraph 40 of the Complaint, CMI admits that Plaintiff  
7 has attached the referenced exhibit to the Complaint. CMI admits that it has an  
8 interest in the real property described in the referenced exhibit to the Complaint  
9 pursuant to a deed of trust in favor of California Federal Savings and Loan  
10 Association recorded on September 30, 1988 as Instrument No. 88-498375 (the  
11 "Irvine Property"). CMI further admits that it is the successor in interest to  
12 California Federal Savings and Loan Association with respect to the Irvine Property.

13 41. In response to Paragraph 41 of the Complaint, CMI states that  
14 Paragraph 41 contains conclusions of law to which no answer is required. Except as  
15 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
16 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
17 remaining allegations in Paragraph 41 of the Complaint and based thereon denies  
18 each and every remaining allegation.

19 42. In response to Paragraph 42 of the Complaint, CMI states that  
20 Paragraph 42 contains conclusions of law to which no answer is required. Except as  
21 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
22 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
23 remaining allegations in Paragraph 42 of the Complaint and based thereon denies  
24 each and every remaining allegation.

25 43. In response to Paragraph 43 of the Complaint, CMI states that  
26 Paragraph 43 contains conclusions of law to which no answer is required. Except as  
27 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
28 to the Complaint. CMI lacks sufficient information and belief to admit or deny the





1 remaining allegations in Paragraph 43 of the Complaint and based thereon denies  
2 each and every remaining allegation.

3 44. In response to Paragraph 44 of the Complaint, CMI states that  
4 Paragraph 44 contains conclusions of law to which no answer is required. Except as  
5 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
6 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
7 remaining allegations in Paragraph 44 of the Complaint and based thereon denies  
8 each and every remaining allegation.

9 45. In response to Paragraph 45 of the Complaint, CMI states that  
10 Paragraph 45 contains conclusions of law to which no answer is required. Except as  
11 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
12 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
13 remaining allegations in Paragraph 45 of the Complaint and based thereon denies  
14 each and every remaining allegation.

15 46. In response to Paragraph 46 of the Complaint, CMI states that  
16 Paragraph 46 contains conclusions of law to which no answer is required. Except as  
17 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
18 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
19 remaining allegations in Paragraph 46 of the Complaint and based thereon denies  
20 each and every remaining allegation.

21 47. In response to Paragraph 47 of the Complaint, CMI admits that Plaintiff  
22 has attached the referenced exhibit to the Complaint. CMI lacks sufficient  
23 information and belief to admit or deny the remaining allegations in paragraph 47 of  
24 the Complaint and based thereon denies each and every remaining allegation.

25 48. In response to Paragraph 48 of the Complaint, CMI states that  
26 Paragraph 48 contains conclusions of law to which no answer is required. Except as  
27 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
28 to the Complaint. CMI lacks sufficient information and belief to admit or deny the

1 remaining allegations in Paragraph 48 of the Complaint and based thereon denies  
2 each and every remaining allegation.

3 **B. CAUSES OF ACTION**

4 **I. First Claim For Relief: To Reduce Joint Federal Tax Assessments**  
5 **to Judgment (Against Defendants Nagesh Shetty and Anita Shetty)**

6 49. No response is required to Paragraph 49 of the Complaint. To the  
7 extent a response is required, CMI incorporates its responses to Paragraphs 1-48  
8 herein by reference.

9 50. In response to Paragraph 50 of the Complaint, CMI lacks sufficient  
10 information or belief sufficient to enable it to answer the allegations thereof and on  
11 that basis CMI denies such allegations on information and belief.

12 51. In response to Paragraph 51 of the Complaint, CMI lacks sufficient  
13 information or belief sufficient to enable it to answer the allegations thereof and on  
14 that basis CMI denies such allegations on information and belief.

15 52. In response to Paragraph 52 of the Complaint, CMI lacks sufficient  
16 information or belief sufficient to enable it to answer the allegations thereof and on  
17 that basis CMI denies such allegations on information and belief.

18 53. In response to Paragraph 53 of the Complaint, CMI lacks sufficient  
19 information or belief sufficient to enable it to answer the allegations thereof and on  
20 that basis CMI denies such allegations on information and belief.

21 54. In response to Paragraph 54 of the Complaint, CMI lacks sufficient  
22 information or belief sufficient to enable it to answer the allegations thereof and on  
23 that basis CMI denies such allegations on information and belief.

24 55. In response to Paragraph 55 of the Complaint, CMI lacks sufficient  
25 information or belief sufficient to enable it to answer the allegations thereof and on  
26 that basis CMI denies such allegations on information and belief.

27 56. In response to Paragraph 56 of the Complaint, CMI lacks sufficient  
28 information or belief sufficient to enable it to answer the allegations thereof and on



1 that basis CMI denies such allegations on information and belief.

2 57. In response to Paragraph 57 of the Complaint, CMI lacks sufficient  
3 information or belief sufficient to enable it to answer the allegations thereof and on  
4 that basis CMI denies such allegations on information and belief.

5 58. In response to Paragraph 58 of the Complaint, CMI lacks sufficient  
6 information or belief sufficient to enable it to answer the allegations thereof and on  
7 that basis CMI denies such allegations on information and belief.

8 59. In response to Paragraph 59 of the Complaint, CMI lacks sufficient  
9 information or belief sufficient to enable it to answer the allegations thereof and on  
10 that basis CMI denies such allegations on information and belief.

11 60. In response to Paragraph 60 of the Complaint, CMI lacks sufficient  
12 information or belief sufficient to enable it to answer the allegations thereof and on  
13 that basis CMI denies such allegations on information and belief.

14 61. In response to Paragraph 61 of the Complaint, CMI lacks sufficient  
15 information or belief sufficient to enable it to answer the allegations thereof and on  
16 that basis CMI denies such allegations on information and belief.

17 62. In response to Paragraph 62 of the Complaint, CMI lacks sufficient  
18 information or belief sufficient to enable it to answer the allegations thereof and on  
19 that basis CMI denies such allegations on information and belief.

20 63. In response to Paragraph 63 of the Complaint, CMI lacks sufficient  
21 information or belief sufficient to enable it to answer the allegations thereof and on  
22 that basis CMI denies such allegations on information and belief.

23 64. In response to Paragraph 64 of the Complaint, CMI lacks sufficient  
24 information or belief sufficient to enable it to answer the allegations thereof and on  
25 that basis CMI denies such allegations on information and belief.

26 65. In response to Paragraph 65 of the Complaint, CMI lacks sufficient  
27 information or belief sufficient to enable it to answer the allegations thereof and on  
28 that basis CMI denies such allegations on information and belief.



1           66. In response to Paragraph 66 of the Complaint, CMI lacks sufficient  
2 information or belief sufficient to enable it to answer the allegations thereof and on  
3 that basis CMI denies such allegations on information and belief.

4           67. In response to Paragraph 67 of the Complaint, CMI lacks sufficient  
5 information or belief sufficient to enable it to answer the allegations thereof and on  
6 that basis CMI denies such allegations on information and belief.

7           68. In response to Paragraph 68 of the Complaint, CMI lacks sufficient  
8 information or belief sufficient to enable it to answer the allegations thereof and on  
9 that basis CMI denies such allegations on information and belief.

10          69. In response to Paragraph 69 of the Complaint, CMI lacks sufficient  
11 information or belief sufficient to enable it to answer the allegations thereof and on  
12 that basis CMI denies such allegations on information and belief.

13          70. In response to Paragraph 70 of the Complaint, CMI lacks sufficient  
14 information or belief sufficient to enable it to answer the allegations thereof and on  
15 that basis CMI denies such allegations on information and belief.

16          71. In response to Paragraph 71 of the Complaint, CMI lacks sufficient  
17 information or belief sufficient to enable it to answer the allegations thereof and on  
18 that basis CMI denies such allegations on information and belief.

19           **II. Second Claim For Relief: For a Determination that Real Property**  
20           **is Titled to Richard D'Souza as Nominee or in Resulting Trust**  
21           **for Nagesh Shetty and Anita Shetty (Against Defendants Nagesh**  
22           **Shetty, Anita Shetty and Richard D'Souza)**

23          72. In response to Paragraph 72 of the Complaint, CMI lacks sufficient  
24 information or belief sufficient to enable it to answer the allegations thereof and on  
25 that basis CMI denies such allegations on information and belief.

26          73. In response to Paragraph 73 of the Complaint, CMI lacks sufficient  
27 information or belief sufficient to enable it to answer the allegations thereof and on  
28 that basis CMI denies such allegations on information and belief.



1           74. In response to Paragraph 74 of the Complaint, CMI lacks sufficient  
2 information or belief sufficient to enable it to answer the allegations thereof and on  
3 that basis CMI denies such allegations on information and belief.

4           75. In response to Paragraph 75 of the Complaint, CMI states that  
5 Paragraph 75 contains conclusions of law to which no answer is required. CMI lacks  
6 sufficient information and belief to admit or deny the remaining allegations in  
7 Paragraph 75 of the Complaint and based thereon denies each and every remaining  
8 allegation.

9           76. In response to Paragraph 76 of the Complaint, CMI states that  
10 Paragraph 76 contains conclusions of law to which no answer is required. CMI lacks  
11 sufficient information and belief to admit or deny the remaining allegations in  
12 Paragraph 76 of the Complaint and based thereon denies each and every remaining  
13 allegation.

14           77. In response to Paragraph 77 of the Complaint, CMI lacks sufficient  
15 information or belief sufficient to enable it to answer the allegations thereof and on  
16 that basis CMI denies such allegations on information and belief.

17           78. In response to Paragraph 78 of the Complaint, CMI lacks sufficient  
18 information or belief sufficient to enable it to answer the allegations thereof and on  
19 that basis CMI denies such allegations on information and belief.

20           79. In response to Paragraph 79 of the Complaint, CMI lacks sufficient  
21 information or belief sufficient to enable it to answer the allegations thereof and on  
22 that basis CMI denies such allegations on information and belief.

23           80. In response to Paragraph 80 of the Complaint, CMI lacks sufficient  
24 information or belief sufficient to enable it to answer the allegations thereof and on  
25 that basis CMI denies such allegations on information and belief.

26           81. In response to Paragraph 81 of the Complaint, CMI states that  
27 Paragraph 81 contains conclusions of law to which no answer is required. CMI lacks  
28 sufficient information and belief to admit or deny the remaining allegations in



1 Paragraph 81 of the Complaint and based thereon denies each and every remaining  
2 allegation.

3 82. In response to Paragraph 82 of the Complaint, CMI lacks sufficient  
4 information or belief sufficient to enable it to answer the allegations thereof and on  
5 that basis CMI denies such allegations on information and belief.

6 83. In response to Paragraph 83 of the Complaint, CMI lacks sufficient  
7 information or belief sufficient to enable it to answer the allegations thereof and on  
8 that basis CMI denies such allegations on information and belief.

9 84. In response to Paragraph 84 of the Complaint, CMI states that  
10 Paragraph 84 contains conclusions of law to which no answer is required. CMI lacks  
11 sufficient information and belief to admit or deny the remaining allegations in  
12 Paragraph 84 of the Complaint and based thereon denies each and every remaining  
13 allegation.

14 85. In response to Paragraph 85 of the Complaint, CMI lacks sufficient  
15 information or belief sufficient to enable it to answer the allegations thereof and on  
16 that basis CMI denies such allegations on information and belief.

17 86. In response to Paragraph 86 of the Complaint, CMI lacks sufficient  
18 information or belief sufficient to enable it to answer the allegations thereof and on  
19 that basis CMI denies such allegations on information and belief.

20 87. In response to Paragraph 87 of the Complaint, CMI lacks sufficient  
21 information or belief sufficient to enable it to answer the allegations thereof and on  
22 that basis CMI denies such allegations on information and belief.

23 88. In response to Paragraph 88 of the Complaint, CMI lacks sufficient  
24 information or belief sufficient to enable it to answer the allegations thereof and on  
25 that basis CMI denies such allegations on information and belief.

26 89. In response to Paragraph 89 of the Complaint, CMI lacks sufficient  
27 information or belief sufficient to enable it to answer the allegations thereof and on  
28 that basis CMI denies such allegations on information and belief.





1           90. In response to Paragraph 90 of the Complaint, CMI states that  
2 Paragraph 90 contains conclusions of law to which no answer is required. CMI lacks  
3 sufficient information and belief to admit or deny the remaining allegations in  
4 Paragraph 90 of the Complaint and based thereon denies each and every remaining  
5 allegation.

6           91. In response to Paragraph 91 of the Complaint, CMI states that  
7 Paragraph 91 contains conclusions of law to which no answer is required. Except as  
8 to the legal conclusions, CMI admits that Plaintiff has attached the referenced exhibit  
9 to the Complaint. CMI lacks sufficient information and belief to admit or deny the  
10 remaining allegations in Paragraph 91 of the Complaint and based thereon denies  
11 each and every remaining allegation.

12           92. In response to Paragraph 92 of the Complaint, CMI lacks sufficient  
13 information or belief sufficient to enable it to answer the allegations thereof and on  
14 that basis CMI denies such allegations on information and belief.

15           93. In response to Paragraph 93 of the Complaint, CMI lacks sufficient  
16 information or belief sufficient to enable it to answer the allegations thereof and on  
17 that basis CMI denies such allegations on information and belief.

18           94. In response to Paragraph 94 of the Complaint, CMI lacks sufficient  
19 information or belief sufficient to enable it to answer the allegations thereof and on  
20 that basis CMI denies such allegations on information and belief.

21           95. In response to Paragraph 95 of the Complaint, CMI lacks sufficient  
22 information or belief sufficient to enable it to answer the allegations thereof and on  
23 that basis CMI denies such allegations on information and belief.

24           96. In response to Paragraph 96 of the Complaint, CMI lacks sufficient  
25 information or belief sufficient to enable it to answer the allegations thereof and on  
26 that basis CMI denies such allegations on information and belief.

27           97. In response to Paragraph 97 of the Complaint, CMI lacks sufficient  
28 information or belief sufficient to enable it to answer the allegations thereof and on



1 that basis CMI denies such allegations on information and belief.

2 98. In response to Paragraph 98 of the Complaint, CMI lacks sufficient  
3 information or belief sufficient to enable it to answer the allegations thereof and on  
4 that basis CMI denies such allegations on information and belief.

5 99. In response to Paragraph 99 of the Complaint, CMI lacks sufficient  
6 information or belief sufficient to enable it to answer the allegations thereof and on  
7 that basis CMI denies such allegations on information and belief.

8 100. In response to Paragraph 100 of the Complaint, CMI lacks sufficient  
9 information or belief sufficient to enable it to answer the allegations thereof and on  
10 that basis CMI denies such allegations on information and belief.

11 101. In response to Paragraph 101 of the Complaint, CMI lacks sufficient  
12 information or belief sufficient to enable it to answer the allegations thereof and on  
13 that basis CMI denies such allegations on information and belief.

14 102. In response to Paragraph 102 of the Complaint, CMI lacks sufficient  
15 information or belief sufficient to enable it to answer the allegations thereof and on  
16 that basis CMI denies such allegations on information and belief.

17 103. In response to Paragraph 103 of the Complaint, CMI lacks sufficient  
18 information or belief sufficient to enable it to answer the allegations thereof and on  
19 that basis CMI denies such allegations on information and belief.

20 104. In response to Paragraph 104 of the Complaint, CMI lacks sufficient  
21 information or belief sufficient to enable it to answer the allegations thereof and on  
22 that basis CMI denies such allegations on information and belief.

23 105. In response to Paragraph 105 of the Complaint, CMI lacks sufficient  
24 information or belief sufficient to enable it to answer the allegations thereof and on  
25 that basis CMI denies such allegations on information and belief.

26 106. In response to Paragraph 106 of the Complaint, CMI lacks sufficient  
27 information or belief sufficient to enable it to answer the allegations thereof and on  
28 that basis CMI denies such allegations on information and belief.



1           **III. Third Claim For Relief: To Set Aside Fraudulent Transfer of Real**  
 2           **Property from Nagesh Shetty and Anita Shetty to Richard D'Souza**  
 3           **Under the California Uniform Fraudulent Transfer Act**  
 4           **(Against Defendants Nagesh Shetty, Anita Shetty and Richard**  
 5           **D'Souza)**

6           **A. Fraudulent Transfer Under Cal Civ. Code § 3439.04(a)(1)**

7           107. No response is required to Paragraph 107 of the Complaint. To the  
 8 extent a response is required, CMI incorporates its responses to Paragraphs 1-106  
 9 herein by reference.

10          108. In response to Paragraph 108 of the Complaint, CMI lacks sufficient  
 11 information or belief sufficient to enable it to answer the allegations thereof and on  
 12 that basis CMI denies such allegations on information and belief.

13           **B. Fraudulent Transfer Under Cal. Civ. Code § 3439.04(a)(2)**

14          109. No response is required to Paragraph 109 of the Complaint. To the  
 15 extent a response is required, CMI incorporates its responses to Paragraphs 1-108  
 16 herein by reference.

17          110. In response to Paragraph 110 of the Complaint, CMI lacks sufficient  
 18 information or belief sufficient to enable it to answer the allegations thereof and on  
 19 that basis CMI denies such allegations on information and belief.

20          111. In response to Paragraph 111 of the Complaint, CMI lacks sufficient  
 21 information or belief sufficient to enable it to answer the allegations thereof and on  
 22 that basis CMI denies such allegations on information and belief.

23          112. In response to Paragraph 112 of the Complaint, CMI lacks sufficient  
 24 information or belief sufficient to enable it to answer the allegations thereof and on  
 25 that basis CMI denies such allegations on information and belief.

26          113. In response to Paragraph 113 of the Complaint, CMI lacks sufficient  
 27 information or belief sufficient to enable it to answer the allegations thereof and on  
 28 that basis CMI denies such allegations on information and belief.



1 **C. Fraudulent Transfer Under Cal. Civ. Code § 3439.05**

2 114. No response is required to Paragraph 114 of the Complaint. To the  
3 extent a response is required, CMI incorporates its responses to Paragraphs 1-113  
4 herein by reference.

5 115. In response to Paragraph 115 of the Complaint, CMI lacks sufficient  
6 information or belief sufficient to enable it to answer the allegations thereof and on  
7 that basis CMI denies such allegations on information and belief.

8 116. In response to Paragraph 116 of the Complaint, CMI lacks sufficient  
9 information or belief sufficient to enable it to answer the allegations thereof and on  
10 that basis CMI denies such allegations on information and belief.

11 **IV. Fourth Claim for Relief: To Foreclose Federal Tax Liens Against**  
12 **Real Property**  
13 **(Against All Defendants)**

14 117. No response is required to Paragraph 117 of the Complaint. To the  
15 extent a response is required, CMI incorporates its responses to Paragraphs 1-116  
16 herein by reference.

17 118. In response to Paragraph 118 of the Complaint, CMI lacks sufficient  
18 information or belief sufficient to enable it to answer the allegations thereof and on  
19 that basis CMI denies such allegations on information and belief.

20 119. In response to Paragraph 119 of the Complaint, CMI states that  
21 Paragraph 119 contains conclusions of law to which no answer is required. Except  
22 as to the legal conclusions, CMI admits that Plaintiff has attached the referenced  
23 exhibits to the Complaint. CMI lacks sufficient information and belief to admit or  
24 deny the remaining allegations in Paragraph 119 of the Complaint and based thereon  
25 denies each and every remaining allegation.

26 120. In response to Paragraph 120 of the Complaint, CMI lacks sufficient  
27 information or belief sufficient to enable it to answer the allegations thereof and on  
28 that basis CMI denies such allegations on information and belief.

1 121. In response to Paragraph 121 of the Complaint, CMI lacks sufficient  
2 information or belief sufficient to enable it to answer the allegations thereof and on  
3 that basis CMI denies such allegations on information and belief.

4 122. In response to Paragraph 122 of the Complaint, CMI lacks sufficient  
5 information or belief sufficient to enable it to answer the allegations thereof and on  
6 that basis CMI denies such allegations on information and belief.

7 123. In response to Paragraph 123 of the Complaint, CMI lacks sufficient  
8 information or belief sufficient to enable it to answer the allegations thereof and on  
9 that basis CMI denies such allegations on information and belief.

10 124. In response to Paragraph 124 of the Complaint, CMI lacks sufficient  
11 information or belief sufficient to enable it to answer the allegations thereof and on  
12 that basis CMI denies such allegations on information and belief.

13 **AFFIRMATIVE DEFENSES**

14 **FIRST AFFIRMATIVE DEFENSE**

15 **(Validity and Priority of Deed of Trust)**

16 125. Nagesh Shetty and Anita E. Shetty executed a deed of trust ("Deed of  
17 Trust") on the real property described in the Complaint as the Irvine Property in  
18 favor of California Federal Savings and Loan Association to secure the repayment of  
19 a \$276,450.00 mortgage loan ("Subject Loan"). The Deed of Trust was recorded on  
20 September 30, 1988, in the Official Records of Orange County as Instrument  
21 Number 88-498375. CMI subsequently acquired a beneficial interest in the Subject  
22 Loan and Deed of Trust. The Subject Loan and Deed of Trust constitute an existing  
23 and valid lien on the Irvine Property inuring to the benefit of CMI. The Deed of  
24 Trust is entitled to priority pursuant to 16 U.S.C. § 6323(a) and must be satisfied out  
25 of any monetary proceeds recovered by Plaintiff in this action, by virtue of any  
26 foreclosure proceedings on the Irvine Property, or otherwise, before satisfaction of  
27 any liens or judgment in favor of Plaintiff. This defense is alleged in the alternative  
28 and does not admit any of the allegations contained in the Complaint.



1                                   **SECOND AFFIRMATIVE DEFENSE**

2                                   **(Innocent Owner)**

3           126. CMI owns the Subject Loan, which is secured by a corresponding  
4 recorded Deed of Trust related to the Irvine property. As an innocent owner, said  
5 security interest is protected from forfeiture under 21 U.S.C. § 853. This defense is  
6 alleged in the alternative and does not admit any of the allegations contained in the  
7 Complaint.

8                                   **THIRD AFFIRMATIVE DEFENSE**

9                                   **(No Liability for Third Party Acts)**

10          127. CMI is informed and believes, and based thereon alleges, that at all  
11 times relevant, the holder(s) of the Subject Loan was unaware and did not know of  
12 the alleged illegal conduct related to other named defendants. CMI is informed and  
13 believes, and based thereon alleges, that the holder(s) of the Subject Loan is not  
14 liable for independent acts of third parties, and Plaintiff's damages, if any, are  
15 attributable to acts of third parties. This defense is alleged in the alternative and does  
16 not admit any of the allegations contained in the Complaint.

17                                   **FOURTH AFFIRMATIVE DEFENSE**

18                                   **(Right to Equitable Lien)**

19          128. CMI is informed and believes, and based thereon alleges, that to the  
20 extent that proceeds were used to pay a preexisting lien against the Irvine Property  
21 and, if it is determined that the Subject Loan and Deed of Trust are invalid, then the  
22 holder(s) of the Subject Loan is entitled to an equitable lien against said property.  
23 This defense is alleged in the alternative and does not admit any of the allegations  
24 contained in the Complaint.

25                                   **FIFTH AFFIRMATIVE DEFENSE**

26                                   **(Statute of Limitations)**

27          129. CMI is informed and believes, and based thereon alleges, that each and  
28 every claim asserted in the Complaint is barred by the applicable statute of





1 limitations including, but not limited to, 26 U.S.C. § 6502.

2 **SIXTH AFFIRMATIVE DEFENSE**

3 **(Bona Fide Encumbrancer for Value)**

4 130. CMI is informed and believes, and based thereon alleges, that the  
5 Subject Loan and Deed of Trust related to the Irvine Property were acquired by a  
6 bona fide encumbrancer for value of the Irvine Property. This defense is alleged in  
7 the alternative and does not admit any of the allegations contained in the Complaint.

8 **SEVENTH AFFIRMATIVE DEFENSE**

9 **(Failure to Name Indispensable Parties)**

10 131. CMI is informed and believes, and thereon alleges, that Plaintiff failed  
11 to join all indispensable parties as defendants to the Complaint. This defense is  
12 alleged in the alternative and does not admit any of the allegations contained in the  
13 Complaint.

14 **EIGHTH AFFIRMATIVE DEFENSE**

15 **(Right to Assert Additional Affirmative Defenses)**

16 132. CMI is informed and believes, and thereupon alleges, that it cannot fully  
17 anticipate all affirmative defenses that may be applicable to the within action.  
18 Accordingly, the right to assert additional affirmative defenses, if and to the extent  
19 that such affirmative defenses are applicable, is hereby reserved.

20 **WHEREFORE**, Defendant CMI prays for judgment as follows as to the  
21 Complaint of the United States of America as follows:

- 22 1. That CMI receive payment to satisfy its Deed of Trust encumbering the
- 23 Irvine Property (attached as Exhibit 29 to the Complaint);
- 24 2. For costs of suit incurred herein; and
- 25 3. For such other and further relief that the Court deems just and proper.

26 ///

27 ///

28 ///



**CMI DEMANDS TRIAL BY JURY ON ALL ISSUES**

DATED: November 19, 2012

WOLFE & WYMAN LLP

By: /s/ Jane A. Gaba

KELLY A. BEALL

JENNIFER J. MAAS

JANE A. GABA

Attorneys for Defendant

**CITIMORTGAGE, INC.**

WOLFE & WYMAN LLP  
ATTORNEYS & COUNSELORS AT LAW



**PROOF OF SERVICE**

**STATE OF CALIFORNIA** )  
**COUNTY OF ORANGE** ) **ss.**

I, Cindy Gonzales, declare:


I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is 2301 Dupont Drive, Suite 300, Irvine, California 92612-7531.

On November 19, 2012, I served the document(s) described as **DEFENDANT CITIMORTGAGE, INC.'S ANSWER TO COMPLAINT** on all interested parties in said action on the ATTACHED SERVICE LIST.

☒ **BY ELECTRONIC ACCESS** Pursuant to Electronic Filing Court Order, I hereby certify that the above document(s) was uploaded to the CM-ECF website and will be posted on the website by the close of the next business day and the webmaster will give e-mail notification to all parties.

☒ **FEDERAL** I declare that I am employed in the offices of a member of the State Bar of this Court at whose direction the service was made.

Executed on November 19, 2012, at Irvine, California.

  
Cindy Gonzales



**SERVICE LIST**  
**USDC-Central District- Case No. 8:12-cv-00930-DOC-MLGx**  
**UNITED STATES OF AMERICA v. NAGESH SHETTY, et al.**  
**W&W File No. 1133-1037**  
**[Revised: October 18, 2012]**

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